

Note: this report is for town and school deliberative sessions only.

Weare Finance Committee

2010 Report

This report to voters contains the recommendations of the Finance Committee on all town and school district warrant money articles.

The Finance Committee believes that, due to the continued uncertainties created by the difficult national, state and local economies, and to the loss of jobs, hours of work and pay reductions that many residents of Weare suffer, increased property taxes in 2010 are not affordable. The Finance Committee voted to support and recommend only those budgets and warrant articles that in total result in a flat tax rate -- that is, no tax rate increase to Weare property taxpayers. To meet this target, the Finance Committee recommends the lower of the operating or default budget for the town and school districts and only the most crucial of the other warrant articles. In addition, it assumes that the selectmen will use the amount of the 2009 budget surplus, approximately \$123,000, to offset taxes rather than increase the undesignated fund balance (accumulated surplus).

If voters adopt the following recommendations, the Finance Committee estimates that property taxes in 2010 will be at the rate of \$16.73 per \$1,000 of assessed valuation, up \$0.13 (or less than 1%) over the 2009 rate of \$16.60. Despite our best efforts, we were unable to achieve our objective, although we came reasonably close.

A. Town of Weare Warrant 2010

Description	Finance Recommendation	2010 Tax Impact		
		No vote	Yes vote	Your vote
Article 6: operating budget \$4,708,394 (If this article budget will be \$4,548,317.)	Not recommended (vote: 6-0-2) While the selectmen were prudent, their proposed operating budget is up \$202,000 (or 4.4%) over last year's <u>spending</u> and up \$83,000 (or 1.8%) over last year's <u>budget</u> . This is not affordable in the midst of a recession. The default budget presents a \$42,000 increase (or about 1.0%) over last year's <u>spending</u> .	\$2.18	\$2.34	

Description	Finance Recommendation	2010 Tax Impact		
		No vote	Yes vote	Your vote
Article 7: capital reserve funds \$270,200	Not recommended (vote: 7-0) These "savings accounts" are money put aside to replace worn out equipment and other major assets used by town departments. In an effort to keep our tax rate down, and given the present reserves in these funds, a contribution this year should be deferred.	\$0.00	\$0.29	
Article 8: town roads \$400,000, with the state paying \$261,430 and taxpayers paying \$138,569	Recommended (vote: 8-0) The state contribution lowers the town's cost for an essential service that is vital, even in tough times.	\$0.00	\$0.15	
Article 9: hazard-our waste day \$6,000	Recommended (vote: 8-0) Personal health and a safe environment make it essential to properly dispose of hazardous waste.	\$0.00	\$0.01	
Article 10: retirement reserve fund for town employees \$30,000	Recommended (vote: 6-2) This fund is to pay accrued vacation and holiday pay to town employees when they leave town employment. While it can be done through the operating budget at the time an employee retires, it is more prudent to pay into this account annually as the obligation is created.	\$0.00	\$0.03	
Article 11: per diem EMTs \$90,000	Recommended (vote: 3-2-2) Adopting this article will provide the town two EMTs for ten hours per day, five days per week, at a cost of \$15 per hour or about \$90,000 per year. There will be no tax impact now, as the money will come from the newly-created revolving fund. About \$140,000 per year goes into the existing equipment fund from insurance recoveries when a person is transported by ambulance. Using \$90,000 of the \$140,000 for EMTs means that from now on only about \$50,000 per year will go into the equipment fund. So	\$0.00	\$0.00	

there will be less in that fund in the future when it comes time to replace an ambulance, fire truck or similar equipment. At that time, our tax rate will go up more than it otherwise would.

Please note that currently Weare lacks adequate ambulance coverage on weekdays and relies on other towns to cover our needs.

Article 12: police contract \$13,918 (reduced by several offsets)	Without recommendation (vote: 4-4) This is a one-year contract providing for a 3.5% step increase and adding a ninth step to an eight-step scale. The contract also reduces holiday pay from 3.5 times base pay to 2.5 time base pay and reduces health benefits to match those likely to be provided to other town employees. These two items are likely to substantially reduce the 2010 cost of the contract to taxpayers. Please note that, under a new state law, if this contract is approved, the 3.5% step increase will be paid each year for up to nine years (at a cost of about \$14,000 per year) even if another contract is not signed.	\$0.00 \$0.02
Article 13: cemetery improvements \$20,000	The funds for this article come from an existing trust fund and do not affect the tax rate.	\$0.00 \$0.00
Article 14: fireworks \$8,000	Not recommended (vote: 7-1) Fireworks are a luxury that would pose an unnecessary burden on some residents. If desired, their cost can be covered by voluntary contributions.	\$0.00 \$0.01
Article 15: library custodial services \$6,743	Not recommended (vote: 7-1) While important, the Committee believes these services can be provided by volunteers or staff during slower periods.	\$0.00 \$0.01

Description	Finance Recommendation	2010 Tax Impact		
		No vote	Yes vote	Your vote
Article 16: 250th celebration	The funds for this article come from an existing trust fund and do not affect the tax rate.	\$0.00	\$0.00	
\$7,000				
Article 17: licensed forester	The funds for this article come from an existing trust fund and do not affect the tax rate.	\$0.00	\$0.00	
\$20,000				

B. Weare School District Warrant 2010

Description	Finance Recommendation	2010 Tax Impact		
		No vote	Yes vote	Your vote
Article 3: opera- ting budget	Not recommended (vote: 6-2)	\$5.41	\$5.57	
\$12,947,669 (If this article fails, the default budget will be \$12,816,295.)	<p>The proposed operating budget is \$131,374 <u>more</u> than the default budget and would increase taxes by \$0.16 per \$1,000 compared to the default budget.</p> <p>The proposed budget is \$312,566 (or 2.5%) higher than the budget that passed last year; while the default budget is \$156,192 (or 1.2%) higher.</p> <p>We recommend the default budget due to its lower tax impact. In addition, over the past five years, projected student population has <u>decreased</u> by more than 19% and the budget has <u>increased</u> by more than 31%.</p> <p>We note that the proposed budget would have to be reduced by \$339,355 (or 2.6%) to \$12,608,314 in order for there to be no tax increase in 2010. Such a budget would reduce the tax impact by \$0.36, from \$5.57 to \$5.21, the same tax rate as last year.</p>			

Description	Finance Recommendation	2010 Tax Impact		
		No vote	Yes vote	Your vote
Article 4: teachers' contract \$204,135 (2010) \$303,851 (2011) \$265,849 (2012)	Not recommended (vote: 6-0-2) This is a three-year contract providing for a both a 3% cost-of-living adjustment (COLA) and a 2.5% step increase for a total increase of 5.5% in each of the first two years, and a 3.3% COLA and a 2.5% step increase in the third year, for a total of 16.8% over three years. In addition, performance pay will be awarded in some years. The total cost over the three years is \$773,835. The Finance Committee believes that the increases contained in this contract are excessive given the current economic climate. Please note that, under a new state law, if this contract is approved, the 2.5% step increases will be paid each year after the end of this contract (at a cost of over \$250,000 per year) even if another contract is not signed.	\$0.00	\$0.22	
Article 6: support staff contract \$33,605	Recommended (vote: 8-0) This is a one-year contract that provides for a 1% COLA plus an average 2.33% step increase for a total increase of 3.33%. The Finance Committee believes that the Increases contained in this contract are reasonable and sustainable. Please note that, under a new state law, if this contract is approved, the 2.33% step increase will be paid each year after the end of this contract even if another contract is not signed.	\$0.00	\$0.04	
Article 8: maintenance fund \$25,000	Recommended (vote: 8-0) Money put aside from surplus funds in anticipation of repairs.	\$0.00	\$0.03	
Article 10: mixed busing \$160,000	Not recommended (vote: 7-1) Should Article 9 pass, the money to pay for it should be found within the budget.	\$0.00	\$0.17	

C. John Stark Regional High School District Warrant 2010

Description	Finance Recommendation	2010 Tax Impact		
		No vote	Yes vote	Your vote
Article 3: operating budget \$13,500,532. (If this article fails, the default budget will be \$13,634,578.)	Recommended (vote: 8-0) The proposed operating budget is \$134,046 <u>less</u> than the default budget. Therefore, the proposed budget would have an .07 cent lower tax impact. The proposed budget is \$585,616 (or 4.5%) over the budget that passed last year. The default budget is \$719,662 (or 5.6%) over the budget that passed last year. While both the proposed and the default budgets are high given the economic times and the decreasing student population, we are afforded two choices, the operating or the default. We recommend the operating budget because of its lower tax impact. We note that the proposed budget would have to be reduced by \$337,567 (or 2.5%) to \$13,162,965 in order for there to be no tax increase in 2010. Such a budget would reduce the tax impact by \$0.36, from \$5.93 to \$5.57, the same tax rate as last year.	\$6.00	\$5.93	
Article 4: support staff contract \$18,599 (2010) \$47,131 (2011) \$53,128 (2012)	Not recommended (vote: 7-0-1) This is a three-year contract that provides for a 3.5% step increase in each year of the contract, for a total increase of 10.5% over the three years. The Finance Committee believes that this level of increase is unsustainable.	\$0.00	\$0.01	
Article 6: roof replacement 50% of any surplus funds up to \$20,000	Recommended (vote: 8-0) Money put aside from surplus funds in anticipation of repairs.	\$0.00	\$0.015	

Description	Finance Recommendation	2010 Tax Impact		
		No vote	Yes vote	Your vote
Article 7: building and grounds 50% of any sur- plus funds up to \$20,000	Recommended (vote: 8-0) Money put aside from surplus funds in anticipation of repairs.	\$0.00	\$0.015	
Article 8: land lease \$1,000	Recommended (vote: 8-0) Money set aside to investigate land purchase should any become available.	\$0.00	\$0.001	

Weare Finance Committee

Brenda Lashway, chairman
 Janet Benson
 Gregg Elwood
 Neal Kurk
 Dianne McDowell
 John Rauscher
 Ike Shepard
 Jeff Spring
 Mark Sullivan

January 27, 2010
